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UNCLAS SECTION 01 OF 04 CARACAS 000531

SIPDIS

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TREASURY FOR KLINGENSMITH AND NGRANT
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NSC FOR DTOMLINSON
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TAGS: [CVIS](#) [CASC](#) [ECON](#) [SOCI](#) [VE](#)
SUBJECT: VENEZUELA'S BRAIN DRAIN: SEARCHING FOR A PLAN B,
THE CONSULAR DIMENSION

REF: CARACAS 256

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SUMMARY

¶1. (SBU) Over the last two months, President Chavez has heralded a "deepening of the Bolivarian Revolution" with a series of actions, including nationalization of key industries, new threats to foreign investors, aggressive attacks on private industry, and granting himself the power to legislate by decree. The revolutionary direction of the BRV, combined with related deterioration of the security situation and increasing shortages, have encouraged large numbers of Venezuelans with the capability to leave to actively develop what they call "Plan B:" emigration from Venezuela. Post, various EU embassies with large immigrant communities here, and Australian and Canadian organizations have all experienced an important up-tick in visa applications, both NIVs and IVs, and in citizenship claims. The deteriorating political and economic situation in Caracas has gotten to the point that significant numbers of Venezuela's educated middle and upper classes have decided to take positive steps to leave Venezuela. Should these individuals actually decide to execute Plan B, one effect will be a freer hand for Chavez in moving toward the centralized authoritarian state he desires.

AMERICA DREAMING

¶2. (SBU) Applications for non-immigrant visas (NIVs) and immigrant visas (IVs) have grown substantially in recent years (see table below). The demand for consular services spiked following President Chavez' declarations at the start of his Presidential term on January 8 (reftel). By January 10 the consular section's call center for visa appointments was receiving over 900 calls daily (up from an average of 300 daily) and was quickly overwhelmed by the unexpected increase in volume. For the month of January, appointment requests were up over 100 percent as compared to December 2006. The following table shows the total non-immigrant and immigrant visa caseload during each of the fiscal years.

	FY 2004	FY 2005	FY 2006
NIV	107,967	127,320	137,472
IV	1,309	1,649	2,235

SOURCE: Consular Workload Statistics System (CIVSS)

13. (SBU) Due this spike in demand, as of February 27, the average waiting time for an NIV applicant in Caracas is 107 days, almost double what it was at the end of December 2006 and Caracas now has one of the longest waiting times for tourist visa applicants in the hemisphere. The Consular Section's NIV refusal rate has also increased in recent weeks as the disintegrating political and economic situations have become evident in the applicant pool. The number of applicants who have not traveled within the last 10 years and have poorly articulated travel plans has also increased significantly, which for many consular officers implies that these applicants are more interested in securing a visa for future security rather than for a particular trip.

14. (SBU) At the same time that more people are trying to apply for non-immigrant visas, the American Citizen Services (ACS) section has also seen a jump in activity, with passport applications increasing from 5 per day to a record of 37 passport applications processed on January 26. ACS has been receiving American Citizens who have not contacted the Embassy in decades, now keenly interested in obtaining new passports for themselves and for previously un-registered children (including many adults). There are also increasing numbers of concerned Amcits e-mailing and calling ACS seeking to ensure that they are properly documented and asking for details on Embassy "evacuation plans." One 93-year old U.S. citizen has been living in Venezuela since 1938 and recently

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came into the Embassy for the first time to register his 60 year old children as Amcits. One interpretation of this is that the situation in Venezuela has not been as bad in the past 68 years as it is perceived to be now.

15. (SBU) Embassy Caracas' IV e-mail box has been flooded with stories similar to the following: "I am a U.S. citizen married to a Venezuelan woman for over 15 years and we have three children, all U.S. citizens. Up until now I had never really considered relocating to the U.S., but in light of recent events I have become increasingly worried and am now seriously considering moving my family to the U.S."

JUS SANGUINIS

16. (U) Venezuela has historically been an immigration destination and as the Portuguese Consul General recently noted to EconOff, "even if it doesn't look it, Venezuela is a rich country." Spain, Portugal and Italy have the largest expat populations in Venezuela, though most of these communities are thoroughly established, going back anywhere from 50-150 years. Venezuela does not recognize dual nationality and placed heavy pressure on immigrants in the 1960s and 70s to renounce their European citizenship, but today many Venezuelans are rediscovering their rights to EU passports.

17. (SBU) Probably the largest recipient of Venezuelan visitors and prospective immigrants (after the United States), Spain's consulate in Caracas is processing between 800 to 1000 people daily. A recent article from Galicia noted that Venezuela was now the largest source of immigrants/ returnees to Spain (having recently surpassed Argentina) and compared it to the spike seen in 2002 during the general strike. One reading holds that the difference is that in 2002 and 2003, Venezuelans were emigrating for

immediate economic reasons, whereas now most people seeking assistance at the Spanish consulate want to leave due to the degradation of political and economic liberties.

¶8. (SBU) The Italian Consulate here receives 340 passport applications daily (up by almost 100/day in recent months) and the Portuguese are close behind, issuing on average 300 passports daily (also up about 50 percent this month). For her part, the Italian consul attributed most of the increase to U.S. requirements for travelers with passports issued as of October 26, 2006 to have biometric data in order to use the Visa Waiver Program (VWP), noting that "most of our applicants want Italian passports to go to Miami." The Venezuelan document agency, ONIDEX, takes months to process a passport application and routinely refuses to process the applications of opposition members and signatories to the 2004 recall referendum. These delays have caused many to seek to obtain a second passport simply as a means of having a travel document, which is preferable to the USD 230-280 bribe reportedly required for "expedited service" at ONIDEX.

IMMIGRATE BY NUMBERS

¶9. (U) For professional Venezuelans ineligible for an EU passport, the preferred immigration destinations in recent years have been Australia and Canada, both of which offer points-based immigration programs. These programs allow applicants to qualify for visas based on their English ability, education, work experience and overall "value" to the respective country's economy. Australia does not have a diplomatic mission in Venezuela, but through the Southern Cross Alliance (SCA), Venezuelans can apply for Australian IVs through the mail. The process, which can take up to a year and cost USD 7,000, combines English language tests with interviews and an evaluation of the applicant's education and work experience. The local SCA representative said that applications had been up in recent years, and that approximately 1,000 Venezuelans immigrated to Australia in ¶2006. The latest seminars on the topic, after Chavez' December reelection, were hugely oversubscribed and

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apparently turned surrounding roads into parking lots -- to the extent that they may not be welcome back for their next seminar.

¶10. (SBU) Most of the Venezuelans planning to emigrate to Australia are young professionals (they have to be under 44 years old) and the SCA representative said that he had many clients currently employed with blue chip, international firms, like Proctor and Gamble and Johnson and Johnson. They also received many inquiries from CANTV and Electricidad de Caracas (EDC) employees after Chavez announced plans to nationalize those companies. These individuals want to avoid what happened to many professionals at PDVSA, who were first fired for their political leanings and then could not obtain Australian IVs because they had not worked in the past six months (a requirement for the visa) by the time their applications were prepared.

¶11. (SBU) Additional destinations investigated by Venezuelans eager to prepare their escape include Costa Rica and Panama, which both offer residency programs for immigrants that purchase property or invest in their countries. Other South American nations are an option if family members or corporate relationships can provide opportunities for jobs in multi-national corporations and work visas. A prominent lawyer told EconCouns that, while he did not contemplate leaving, he was looking to establish residency for his wife and children in Panama. As the market for good legal counsel is very lucrative, he said that he would stay in Venezuela as long as he could.

¶12. (SBU) There is increasing evidence, both numerical and anecdotal, that some middle and upper class Venezuelans are already leaving Venezuela. Consular officers in Caracas already refer to Weston, FL as "little Venezuela." Catholic Church officials estimate that there are as many as 200,000 Venezuelans now living in the United States. As is seen in much of the developing world, flight of the professional and middle classes will only retard the country's economic and political development. As a microcosm, the "new" PDVSA is a pale comparison of its "old" predecessor. Once one of the leading state-owned oil companies, PDVSA is now a bloated, corrupt, inefficient extension of the state faced with declining production and constant refinery troubles -- related no doubt to a clear lack of competent personnel.

¶13. (SBU) Venezuela's educated and professional classes are the most tempted by offers abroad. The Canadian provincial government of Alberta is recruiting petroleum engineers, as are the Saudis and other petroleum exporting countries. A recent conversation with the human resources services firm Manpower illuminated the increasing difficulty in attracting executives and professionals to Venezuela, noting the deteriorating security situation as the principal cause. They also worry about the exodus of recent college graduates from Venezuela, though were hopeful that this trend was temporary. According to them 40,000 people had left Venezuela in recent years for Spain, but of those already 8,000 had returned.

¶14. (SBU) Chavez does not seem perturbed by this turn of events and has repeated invitations to his opponents to go to Miami if they are unhappy here. Some commentators are beginning to pick up on this trend and a recent editorial in "El Diario de Caracas" warned of a future without skilled Venezuelans. Former opposition consensus Presidential candidate Manuel Rosales recently exhorted Venezuelans to not emigrate, but rather remain in the country to defend it. While the brain drain is hurting Venezuela, it may in turn be helping Chavez by hollowing out the groups that have opposed him.

¶15. (SBU) The parallel exchange rate spiked after Chavez' proclamations in January (reftel) and many attribute part of the continuing high demand for dollars to increased capital flight as people have begun to move funds out of the country

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while still possible. Rumblings of new laws to tax wealth, take away second homes, and prevent children from traveling abroad without express government approval all add to the pervasive anxiety and fear amongst the middle and upper classes and hasten the desire to emigrate.

COMMENT

¶16. (SBU) The dramatic image of thousands of Venezuelans scrambling to nail down their "Plan B" speaks to a pervasive sentiment among Venezuela's middle and upper classes that things have reached a turning point here. For many, the change came with Chavez's re-election in December and was reinforced by the Marxist rhetoric of recent weeks. That said, many are just preparing their exit rather than actually using the escape hatch. The economic situation remains decent, with windfall oil profits fueling massive government spending. These "good times," though, are tempered by spiraling violent crime and continual BRV encroachment on private businesses and citizens. As has been the case of immigrants for centuries, many will leave in the hopes of giving their children better opportunities. Should these thousands of educated, talented Venezuelans actually leave,

one effect will be a freer hand for Chavez to create the centralized authoritarian state he desires.

¶17. (SBU) The brain drain will hurt U.S. companies here as they lose their most skilled and marketable workers and Venezuela already is becoming a no-go zone for many expats due to a security concerns and an ever-degrading infrastructure. Embassy Caracas is experiencing this phenomenon, having recently seen several of its locally employed staff (LES) emigrating and with many more LES actively whispering their plans to depart. END COMMENT.

BROWNFIELD